

## Message Text

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E. O. 11652: N/A

TAGS: NATO, GW, PARM

SUBJECT: DEFENSE COMMITTEE APPROVES 1976 FRG DEFENSE  
BUDGET

1. ON FEBRUARY 18 THE DEFENSE COMMITTEE OF THE GERMAN  
BUNDESTAG PROVIDED FINAL APPROVAL FOR THE DRAFT FY 1976  
DEFENSE BUDGET PROPOSED BY THE GOVERNMENT. ALL 23  
DEFENSE BUDGET TITLES WERE APPROVED BY THE COMMITTEE  
MEMBERS OF BOTH THE GOVERNMENT COALITION AND OPPOSITION  
PARTIES. THE MAJOR CATEGORIES OF DEFENSE EXPENDITURES  
IN 1976 ARE AS FOLLOWS:

A. TOTAL DEFENSE EXPENDITURES AMOUNT TO DM 31.8  
BILLION WHICH IS DM 800 MILLION OR 2.6 PERCENT MORE THAN  
IN 1975. THIS INCREASE IS COMPOSED OF A REGULAR INCREASE  
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OF THE DRAFT BUDGET FROM DM 31.0 BILLION (1975) TO DM

31.45 BILLION PLUS THE FUNDS FROM THE SO-CALLED ECONOMIC STIMULATION PROGRAM IN THE AMOUNT OF DM 350 MILLION. THESE LATTER FUNDS ARE MADE AVAILABLE TO THE DEFENSE MINISTRY FOR IMPROVEMENT OF MILITARY INFRASTRUCTURE, WHICH MEANS PREDOMINANTLY FOR INVESTMENT PURPOSES. SHIFTS AMONG BUDGET TITLES RESULTING FROM SAVINGS IN PERSONNEL COSTS AND MAINTENANCE OF MATERIAL MAKE IT POSSIBLE TO INCREASE EXPENDITURES OF AN INVESTMENT NATURE FROM DM 9.5 BILLION (30.7 PERCENT OF LAST YEAR'S TOTAL) TO DM 10.3 BILLION (32.5 PERCENT) IN 1976.

B. THE 1975 PERSONNEL EXPENDITURE FIGURE OF DM 13.7 BILLION (44 PERCENT) DECREASES SLIGHTLY TO 13.5 BILLION (42.5 PERCENT) IN THE CURRENT YEAR. THIS IS DUE TO SAVINGS -- AS A RESULT OF THE BUDGET STRUCTURE LAW -- IN OPERATIONAL COSTS AND BY CUTTING PERSONNEL SLOTS TOTALING APPROXIMATELY 1,000 POSITIONS.

C. OTHER OPERATIONAL COSTS SHOW A SLIGHT INCREASE FROM DM 4.7 BILLION (15.2 PERCENT) TO DM 4.9 BILLION (15.4 PERCENT) IN 1976. ON THE OTHER HAND, THE COSTS FOR MATERIAL MAINTENANCE WILL DROP FROM DM 3.1 BILLION (10.1 PERCENT) TO 3 BILLION (9.6 PERCENT).

D. THE LARGEST INCREASE BY FAR IS IN THE FIELD OF MILITARY PROCUREMENT, NAMELY, DM 662 MILLION, I.E., 82 PERCENT OF THE TOTAL INCREASE OF THE 1976 DEFENSE BUDGET.

2. IT SHOULD BE NOTED THAT ALTHOUGH THE 1976 DEFENSE BUDGET INCREASES ABSOLUTELY, THE BUDGET ACTUALLY REPRESENTS NEGATIVE REAL GROWTH OF ABOUT 3.5 PERCENT.

3. A MORE DETAILED REVIEW OF THE FRG DEFENSE BUDGET WILL BE PREPARED AFTER THE THIRD AND FINAL READING OF THE BUDGET IN THE GERMAN BUNDESTAG EXPECTED IN THE SECOND HALF OF MAY.  
HILLENBRAND

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